
Microbrewery

BUSINESS PLAN

HARBOR BREWING COMPANY

*114-118 East Bay St.
South Harbor, MI 48840*

January 1995

This business plan illustrates the author's intention to purchase and renovate the assets and leases of an existing business and then establish and operate a microbrewery restaurant in its place. Look for a variety of financial information, including forecasts of operating costs, income, balance sheets, and cashflow, in addition to discussions of taxes and the history of brewing, and a listing of the menu contents and beers.

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MICROBREWERY BUSINESS PLAN

SUMMARY OF MEMORANDUM

The Company: Harbor Brewing Company, LLC, a Michigan Limited Liability Company (the "Company") has been formed pursuant to the Operating Agreement attached hereto and to Michigan laws by filing articles of organization with the Michigan Department of Commerce. The Company will hold the lease on the properties at 114 through 118 East Bay Street in downtown South Harbor, Michigan. The initial mailing address of the Company will be Harbor Brewing Company, LLC, 711 Oak Street, South Harbor, MI 48840.

The sole business of the Company is to acquire the business assets (the "Business") from Lincoln Street Station (the "Seller") and the leases at 114 through 118 East Bay Street, South Harbor, MI, and to construct and operate a restaurant and brewery (the "brew-pub") to be called Harbor Brewing Company.

Managing Member: Olson Brewing Services, LLC (OGS) will be the Managing Member of the Company. Linnea and Mark Olson are the Managing Members of OBS which was formed on 10/17/94.

Company Duration: The Company shall continue until December 31, 2025, unless sooner terminated in accordance with the Dissolution Guidelines described in the Operating Agreement.

The Project: The project entails renovating, staffing, and operating a restaurant with an on-premise brewing facility. The Company intends to make necessary improvements to the existing restaurant, to build a brewery and two secondary fermentation rooms and to complete other Property renovations including, but not limited to, adding a second "show" bar and upgrading toilet facilities. See Section 1 for a description of the brew-pub concept and state of the industry.

Units Offered: The Managing Member is offering 21 units at \$20,000 each to be paid at the time of execution of the Subscription Agreement.

Minimum Purchase per Investor: 1 Unit (\$20,000), or at the sole discretion of the Managing Member, 1/2 Unit (\$10,000).

Payment: Each Investing Member will pay \$20,000 per Unit purchased upon execution of the Subscription Agreement.

Use of Proceeds: The estimated net proceeds of this offering (\$420,000 including the Managing Member's Investment Capital of \$10,000) will be used in conjunction with a loan from an Investing Member (\$200,000) to purchase the Business, acquire the leases, construct the brewery, make necessary leasehold improvements, acquire operating assets, and finance the initial brew-pub operations (including, but not limited to, licensing, staffing, training, marketing, and working capital).

Other Anticipated Indebtedness: A note payable of \$200,000 will be due an investing member of Harbor Brewing Company, LLC. The note will be secured by various unencumbered assets belonging to the Company. The note term is 60 months at a stated interest rate of 15%. Total monthly principal and interest payments are \$4,758. Their first payment is not due until April 1, 1995.

Time Limit of Offering: The Partnership Offering will be terminated on February 15, 1995 if fewer than 21 units have been sold or if the Investing Member's loan cannot be secured. This termination date may be extended at the sole discretion of the Managing Member.

Management Fee: The Managing Member will receive as a management fee in 1995 5% of "gross sales revenue" in return for the Managing Member's management of the project. The management fee will increase to 6.5% in 1996, 7.5% in 1997, and 8.0% in 1998 and thereafter. (See Management Team section for a description of the Managing Member's roles and responsibilities in the daily operation of the brew-pub.)

Allocation of Partner Interest: The Investing Members shall be allocated 60% of the Company's Profits and Losses prorata based on their Units, and the Managing Member shall be allocated 40% of the Company's Profits and Losses.

Any Distributable Income shall be distributed with the Investing Members receiving 99% of such Distributable Income, prorata, based on their Capital Ratios, and the remaining 1% to be distributed to the Managing Member until the Change Date.

The Change Date occurs when the Investing Members have received distributions of a) an amount equal to 15% per annum of the Capital Contributions and b) an amount equal their Capital Contributions. After the Change Date, Distributable Income shall be distributed with the Investing Members receiving 60% of such Distributable Income and the Managing Member receiving the remaining 40%. After 5 years, the Investing Member has the option to Put and the Managing Member has the option to Call the Units.

All cash and profit distributions will be made out of Distributable Funds, which will come from net income from brew-pub operations and other cash available from non-cash expenses (deductions) relating to amortization and depreciation.

Net income (loss) allocated to each Investing Member will constitute taxable income to said Investing Member, except as to any portion of Distributable Income which may not be taxable owing to deductions for amortization, depreciation and similar noncash tax deduction items.

INDUSTRY BACKGROUND

Brewing in America: A Brief Recent History

Before Prohibition began in 1920, the quality and variety of beer brewed in America rivaled that of the great brewing nations of Europe. With thousands of breweries in operation across the country supplying each region with its own distinctive styles, almost every town had a beer it could call its own.

Unfortunately for the American beer drinker, the only breweries to survive Prohibition were the very large commercial breweries that could convert their existing operations to the

production of non-alcoholic malt products. When they resumed brewery operations in 1933, they went in search of a single beer style that was cheap to make, easy to drink, and would appeal to the greatest number of people. The variety, character (and some would argue, quality) was gone from the American beer market.

The tide began to turn in 1979 when a law was passed that legalized the home brewing of beer. This touched off the beer renaissance that is currently sweeping the country. Then in 1983, California passed a law permitting breweries to brew and sell beer directly to the customer (without going through a distributor).

Since that time, home brewers, micro breweries, and brew-pubs have been reintroducing to the American palate the wide variety of styles and flavors available through the small scale production of high quality, hand-crafted beers, brewed naturally, and served fresh. As more and more Americans have come to demand this variety and quality, microbrewers have found an expanding and lucrative niche in an otherwise stagnant beer market.

Attitudes towards beer drinking have also undergone major changes over the couple of decades. Today's craft beer drinkers are not attracted to loud, smoke-filled, cheap-beer bars, but are instead looking for a comfortable, conversational pub atmosphere where they can take their families, meet their friends, and have a good conversation over a great pint of beer.

Michigan is somewhat of a late-comer to the brew-pub scene, since brew-pubs were legalized here only two years ago. Brew-pubs are just now beginning to pop up throughout the state, with facilities currently in operation in Grand Rapids and Detroit.

The wide selection of microbrewed beers available in bars, restaurants, and liquor stores throughout the South Harbor area, together with the growing home-brew supply industry in the area, is a testament to the strong local demand for good, fresh beer that is really brewed the old-fashioned way. For the past two years, South Harbor has been anxiously awaiting the grand-opening of its first brew-pub. Harbor Brewing Company hopes to meet that demand by opening its doors within the next six months.

Brewing in America: Current State of the Industry

1993 (the most recent year for which statistics are available) was a record-breaking year for brew-pubs and micro-breweries across the country. The craft-brewing industry produced over 1.6 million barrels in '93 which is a 40% increase in total taxable output from the previous year. This increased the market share for this segment from .6% to .9% of total beer consumption (Edgar, 1994).

The Institute for Brewing Studies' (IBS) 1994 Industry Review (Edgar, 1994) predicts that 1994 figures will show another banner year with a 30% to 40% increase in craft-brewing industry sales. The number of craft-breweries has grown from 30 to 382 since 1985. The majority of the early growth took place on the West Coast, with the East Coast following close behind. In recent years, the establishment of brew-pubs has followed new legislation through the Mountain and Plains states and finally, into the North Central (or Midwest) region which has enjoyed a period of incredible growth over the past several years.

The table below illustrates growth in sales for craft-brewers in the North Central Region during 1993.

1993 Sales Growth Percentages for the North Central Region

<u>Location</u>	<u>Brewery Name (Micro or Pub)</u>	<u>% Growth in 1993</u>
Iowa	Brandevor/Dubuque Brewing Co. (Micro)	(5)
Iowa	Millstream Brewing Co. (Micro)	(20)
Michigan	Frankenmuth Brewery (Micro)	20
Michigan	Kalamazoo Brewing Co. (Micro)	106
Minnesota	Sherlock's Home (Pub)	16
Minnesota	Summit Brewing Co. (Micro)	42
Minnesota	James Page Brewing Co. (Micro)	15
Ohio	Great Lakes Brewing Company (Pub)	&
Ohio	Hoster Brewing Co. (Pub)	29
Ohio	Columbus Brewing Co. (Micro)	31
Wisconsin	Water Street Brewery (Pub)	196
Wisconsin	The Brewmaster's Pub (Pub)	1
Wisconsin	Appleton Brewing Co. (Pub)	13
Wisconsin	Cherry land Brewing Co. (Pub)	17
Wisconsin	Rowland's Calumet Brewery (Pub)	46
Wisconsin	Lakefront Brewery (Micro)	68
Average Growth in the Region		34

(Adapted with permission from The New Brewer May/June 1994. Copyright held by The Institute for Brewing Studies, Boulder, CO.)

Given this incredible growth, it is not surprising that restaurant sales for beer have been increasing in the 1990s. In fact, a recent study published by the National Restaurant Association (Chapdelaine, 1994) states that the number of restaurant patrons drinking beer with food is increasing, despite a decline in overall alcohol consumption.

Specifically, the Restaurant Association study found that the beers being ordered are expensive, premium-quality craft-brewed beers. According to the National Restaurant Association (Chapdelaine, 1994), consumers will not only order, but also tend to be willing to pay more for menu items that they perceive to be new, popular, or of premium quality. The heightened demand for this product can be explained by the fact that micro-brewed beer meets all three of these criteria:

- Locally produced, hand-crafted beers are still a novelty in many areas (like South Harbor) that do not yet have any brew-pubs or micro-breweries.
- A 1993 Roper Starch Worldwide Study (cited by Chapdelaine, 1994) found that half of all adult consumers believe that locally brewed beer is "in."
- According to the National Restaurant Association (Chapdelaine, 1994), locally brewed beer is perceived as fresher and of higher quality.

According to the IBS, "the boom is happening for micro and specialty brewers and it may be a decade or two before it begins to level off." (Edgar, 1994).

**Brewing in America:
Current State
of the Industry**
...continued

**GENERAL
DESCRIPTION****Atmosphere and Decor**

Harbor Brewing Company hopes to be South Harbor's first brew-pub-serving up a hearty bistro pub menu and five varieties of house-brewed beer on tap. Its spacious and unique interior will offer the warm familiarity and rustic charm of a British pub.

The brew-pub will be located in two beautiful old buildings with hardwood floors, brick walls, high tin ceilings, and large front windows. The space is currently divided by the buildings' original brick wall into a large restaurant area and a smaller bar area.

The large restaurant side will be called the "Brew Room." It will be an airy, open non-smoking space focused around the brewery itself. It will have hardwood floors and will be decorated with antique brewery posters, oak barrels, and other paraphernalia from breweries and brew-pubs, and a large mural of the Harbor Brewing Company's logo on the back wall. It will have seating for 100 including 20 bar seats.

The "Tap Room" will be a smaller, darker, cozier space with hardwood floors, dart boards, several TVs and a traditional English pub atmosphere. One wall will be painted with a large storyboard depicting the brewing process. Smoking will be permitted in the Tap Room. It will seat 50, including 12 bar seats.

Focus on Brewing

The focal point of the brew-pub will be the brewing process and the brewery itself. This 400 square foot glass and wood encased room will be built in the center of the Brew Room. It will be flanked by a full service bar and surrounded by tables. The brewery will house seven stainless steel vessels whose shiny finish will be highlighted by amber-colored floodlights on the ceiling. Customers will be able to observe the brewer at work during the day and will be offered guided educational tours of the brewing facility in the evening.

Harbor Brewing Company plans to offer more than just a great place to eat and drink. Its goal is to be a gathering place for all beer lovers—from the connoisseur to the curious. The Managing Member plans on tapping into the growing market of home-brewers by sponsoring a monthly home-brewers meeting to be held at the Pub. It also plans on entering the brew-pub's beer in local and national competitions to boost name recognition and reputation in the industry.

For the more casual beer enthusiast, the brew-pub will provide a variety of entertaining and educational events like regular brewery tours, bi-weekly lunch with the brewer, weekly beer classes, regularly scheduled tastings, and a variety of special events on famous "beer-drinking holidays" like Oktoberfest and St. Patrick's Day.

Menu

The menu (found in Supporting Documents) offers a terrific balance of interesting appetizers, traditional bar food, hearty entrees, vegetarian and vegan fare, and some unique dishes with a gourmet touch. There is something for every taste, including low fat appetizers and salads (like a fresh fruit and veggie tray, garlic toast with diced peppers and tomatoes, or strawberry marinated chicken salad) as well as vegetarian dishes (all pasta and salad entrees will be available with or without meat).

In addition to the five pub-brewed beers, the brew-pub plans to offer at least 10 other micro-brewed draught beers from around the country to cover styles of beer that it does not produce in-house. It also plans to carry an extensive array of bottled hand-crafted and imported beers, representing the classic styles from around the world. It plans to offer a varied wine list, gourmet coffees, and an extensive selection of top-of-the-line liquors.

The proposed hours for the brew-pub are 11 a.m. to midnight Monday through Wednesday, 11 a.m. to 2 a.m. Thursday through Saturday, and noon to midnight on Sunday. The kitchen is expected to serve items from the bar menu from opening time until one hour before closing time, entree items from 5 p.m. to 10 p.m., and all other items from opening to 10 p.m.

Background music will be provided by a stereo system controlled from behind the bar. The Managing Member has begun collecting an assortment of blues, jazz, and new age music.

The Tap Room will air sporting events on a large screen and two ceiling-mounted televisions. During major events, the music will be turned off and the television sound turned up in the Tap Room. The brew-pub plans to stay open until midnight to accommodate the Sunday and Monday night football crowd.

On special occasions, the brew-pub may feature traditional live acoustic music (like Irish folk music on St. Patrick's Day). The Managing Member does not envision a stage but rather plans on providing live acoustic music in the Irish/British tradition of seating musicians at a large table among the patrons.

There will be real dart boards in the pub which will be used for leagues and tournaments.

And of course, Harbor Brewing Company will feature the master brewer in action Monday through Saturday from 10 a.m. to 4 p.m.

The age, education, and affluence of South Harbor's diverse population makes it an ideal market for a brew-pub. Consumer Reports on Eating Share Trends (CREST) data (cited by Chapdelaine, 1994) reveal that affluent and educated Americans eat out more frequently, are more likely to order beer at restaurants, and are more likely to drink regular (non-light) beer than other consumers. This group is also more likely to order beer than wine, liquor, or sparkling wine.

According to the 1990 census report, South Harbor is comprised largely of students, professionals, and service industry employees. The University of South Harbor provides the city with a large pre- and post-graduate student population. The University is also the largest employer in the city with more than 16,000 employees. The University Medical Center employs another 9,600 doctors and professional medical staff. South Harbor is also home to major corporations.

The 1990 census reports that almost half of South Harbor's employed population hold professional or managerial positions: 24% are clerical or in sales; 17% have blue collar jobs; and .5% are in agriculture. Only 3.6% of South Harborites are unemployed. The median family

Hours of Operation

Entertainment

DEMOGRAPHICS

income is \$50,192 with the effective buying income (personal income minus tax and non-tax payments) at \$29,515 (versus \$27,912 nationally). \$246 million dollars a year of this buying income is spent in bars and restaurants in the South Harbor area.

South Harbor's education level also ranks well above the national average. 94% of the population has a high school diploma and 66% have four or more years of college (compared to 20% nationally).

The median age of South Harborites is 27.3 (compared to the national median of 33.0) and 35% of the population is between the ages of 25 to 44, the target age group of micro and pub-breweries.

According to a recent study by the National Restaurant Association, these demographics are ideal for supporting a brew-pub. The study (Chapdelaine, 1994) found that higher incomes and higher educational levels were a major factor in determining who orders beer at restaurants. From 1989 to 1993, the percentage of individuals with annual household incomes of \$60,000 or more who ordered beers at restaurants rose from 15% to 25%. The study also found that the largest group of beer drinkers (40%) hold some sort of professional or managerial job while only 22% are blue collar workers.

Given these statistics, South Harbor is sure to attract a growing number of craft brewers. The area's ideal demographics easily could-- and most likely will ~ support multiple brew-pubs. Harbor Brewing Company's goal is to be the one that opens its doors first and sets the high standard for those that will follow.

LOCATION

Harbor Brewing Company will be ideally located on the waterfront in downtown South Harbor, allowing it to draw from the downtown merchants, diners, shoppers, area businesses, the student population, art fair traffic, and the many sports fans, conventioners, and business visitors who come to the area.

The downtown area is a very exciting location for a brew-pub. The trend in South Harbor, as in many other towns and cities across the country, is for retail to gradually move from the downtown area out to local malls and shopping strips. In some cities, this leads to the decline of the downtown. In others, like South Harbor, the newly vacated shops are gobbled up by restaurants, night-clubs, and other entertainment-style tenants creating a thriving destination location that can draw from a much wider population radius.

According to a recent article in the South Harbor News, "Restaurants, coffee houses, art galleries, and other non-clothing retailers are the major drawing card these days." However, the article continues, "[L]oss of vitality isn't an issue, because people - including many customers from outside of the county ~ continue to flock downtown." The recent addition of new restaurants like the Barbecue Pit and an expressed interest from clubs like the Harbor Music Cafe should also help to draw precisely the market segment the brew-pub is targeting.

In addition to an overall downtown growth trend, the brew-pub's specific location (East Bay St. between Main and Fifth) has recently benefitted from a \$2.7 million Downtown Development Authority (DDA) project which replaced the old gray concrete sidewalks in front of the proposed brew-pub site with wider brick walkways. The project also included planting

new trees and installing new street lights. Rachel Berg, DDA coordinator for the project, pointed out that "restaurants in the area will be able to set up tables on the widened sidewalks in the spring and summer for a cafe atmosphere." Harbor Brewing Company's location has already received permission from the city to set up outdoor seating along East Bay Street.

Those familiar with South Harbor know that one of the most frequently cited complaints regarding downtown establishments is the lack of convenient parking nearby. Harbor Brewing Company is located directly across the street from a 245-space parking structure, and three blocks away from 199-space and 883-space ramps (at Lincoln & First and Fourth & Adams respectively). (Parking data is from the October 1992 South Harbor City Administrator resolution Agreement for Management of the South Harbor Municipal Parking System.)

The Managing Member views the competition to be the local bistro/bar business. The South Harbor restaurant market is extremely competitive, and success is dependent on many factors including, but not limited to, location, price, food, quality, beer quality, consistency, service, ambiance, general concept, and management.

Although the South Harbor market is quite competitive, the Managing Member believes that Harbor Brewing Company should have a huge advantage over existing area restaurants in that it offers a very popular item not currently available anywhere in the South Harbor area -- premium quality, hand-crafted beer brewed, lagered, and served on the premises.

The Managing Member, OBS, will be providing full-time management and brewing services for the Company.

Linnea Olson - General Manager is a Managing Member of OBS. She will be responsible for the restaurant operations and promotional and marketing activities.

While working as a consultant in the computer industry, Linnea designed and implemented decision support software systems to track and analyze employee effectiveness, monitor and control the quality and cost of long-term care services, and offer timely project status reports to systems management.

She also has five years of experience in technical writing, desktop publishing and graphic design and will further contribute to the project by handling the design and layout of menus, T-shirts, print ads, and promotional materials.

Linnea also brings to the project five years of experience in the food service industry including managing a 30-person staff at a student dining facility which served over 2,000 meals a day.

Mark Olson - Brewery Manager is a Managing Member and Treasurer of OBS. He will be responsible for brewery operations and all financial aspects of the project.

Mark has five years of experience in the healthcare consulting industry with the MED Group. As the Data Center Team Leader, Mark is responsible for managing the delivery of contracted

COMPETITION

MANAGEMENT TEAM

client services within budgetary constraints and the development of the Data Center staff reporting to him. Mark also acts as Account Manager for two large clients with ultimate responsibility for customer satisfaction, service delivery, margins, and contract renewals.

Mark has traveled extensively throughout Europe and the U.S. touring breweries and brew-pubs. He has been a student of beer styles and the brewing process since 1988.

Mark has been brewing for four years and is a member of the IBS. In September, he completed the Pub and Micro-Brewery Operations course at the Siebel Institute of Technology in Chicago. This consisted of hands-on training with a brewmaster as well as instructors from the Siebel Institute in a high-output suburban Chicago brew-pub. Mark will also be receiving training through the equipment supplier for the Company on the equipment that is being purchased.

Lynn Rogers - Operations Manager -- Lynn has accepted a position "at will" with the Company to serve as operations consultant during the planning and start-up phase of the project and as Operations Manager thereafter. She will be responsible for planning, stocking, staffing, and managing both bars. She will also hire, train, and schedule waitstaff.

Lynn brings to the project 25 years of restaurant experience including several new restaurant openings, 13 years of management experience, and the successful implementation of specialized menus, tastings, and staff seminars at establishments including The Harbor Hotel and C.J.'s. She also brings a proven and professional management style and a wealth of knowledge in the area of fine wines and liquor.

Matthew Hewit - Executive Chef/Kitchen Manager--Matthew has accepted a position "at will" with the Company to serve as menu and kitchen consultant during the planning and start-up phase of the project and as Kitchen Manager/Executive Chef thereafter. He will be responsible for designing, costing, and implementing the menu; working with contractors to redesign and equip the kitchen and storage areas; hiring, training, managing and scheduling the kitchen staff; and managing all ordering and inventory for the kitchen.

Matthew brings to the project over 15 years of experience cooking and managing in the South Harbor restaurant market. During this time he has served as Chef and/or Kitchen Manager in successful restaurants and food service operations including Heritage Inn, the Corktown Bistro, and Babette's Feast. In addition to his good name and experience, Matthew brings to the project a great deal of professionalism and knowledge of the local market and competition.

PERSONNEL

The personnel in the restaurant business is a critical factor in the eventual success or failure of the business. With this in mind, the management staff will be bringing proven individuals with them to fill key service positions such as bartending and cooking.

Beyond these positions, the Company will be looking to hire a more mature, professional waitstaff that will team with management to ensure success by providing an excellent environment and service to the customers. The Managing Member hopes to achieve this "buy-in" from the staff by involving them in the decision-making process, implementing an employee suggestion program to get input on marketing, promotions, and specials, and by treating the staff like the important asset they are in making this business a success.

For the kitchen staff, the Managing Member plans to contact the South Harbor Area Chef's Association and local culinary programs to find young people who plan to make a career in the restaurant business. By drawing from this personnel pool, it would be able to hire people who are enthusiastic, eager to learn, and concerned with establishing a good employment record in the area.

People who have spent time in South Harbor know that the most interesting, and perhaps most important characteristics of the local population are not measured by the census bureau's reports. South Harbor offers a unique blend of the cosmopolitan and the collegiate that draws community-oriented residents who are interested in education, the environment, history, and culture.

Harbor Brewing Company will attempt to cater to these interests by offering more than a great brew-pub where people can come to relax and converse over great food and beer. It will also offer a place where people can come to learn more about beer and the brewing process. It will offer a variety of tours and tasting events where people can learn about the styles and the history of beer. In addition to beer tastings, the brew-pub plans to offer fine wine and Scotch tastings.

The Managing Member also hopes to establish the brew-pub in the local market by becoming part of the fabric of South Harbor. It intends to make the brew-pub a "local" pub in every sense of the word: a place that the community will be proud to call its own. It believes that by opening the first brew-pub in town, owned and operated by local entrepreneurs, the Company will have a great advantage over subsequent brew-pub operations.

There has been much talk and anticipation of a brew-pub opening in South Harbor during the past two years. Advertising before the opening will primarily be by word of mouth and should require only very limited capital output.

The South Harbor restaurant market is undergoing a renaissance with the recent openings of the Barbecue Pit and C.J.'s and the anticipated (and two years overdue) opening of the Grizzly Bear Brewing Company. New restaurants have attracted a great deal of attention and anticipation during the past two years. Harbor Brewing Company should attract the same attention if not more so because South Harbor is anxiously awaiting a brew-pub and many rumors are already circulating through the restaurant and patron community as to alleged brew-pubs in progress.

To enhance this excitement, as soon as the Company has secured the building and contracted the appropriate licensing bodies, T-shirts will be printed up with "coming soon" on the front and Harbor Brewing Company logo on the back. These will be sold at cost to friends, co-workers, neighbors, and supporters. Renovations should also be visible from the street outside the restaurant to involve passers-by with the project and its progress, thereby further heightening the excitement.

The Managing Member plans to open the brew-pub without a lot of formal fanfare and expects it to be extremely busy in the early going due to local anticipation. After approximately two months, when the initial novelty has worn off and the staff is experienced and confident, the Managing Member plans to begin an aggressive marketing campaign including a formal Grand Opening.

MARKETING STRATEGY

**MARKETING
STRATEGY***...continued*

In preparation for the Grand Opening, postcards promoting the Grand Opening will be sent to friends, neighbors, co-workers, Ultimate Frisbee teams, home-brewers, the Company's professional team, and to households in the area. These postcards will be redeemable at the Grand Opening for a discount on a Beer Sampler Set. Flyers will also be printed up and posted around area campuses. To reach a good portion of the target market while integrating with the community, the Company anticipates donating part of the Grand Opening proceeds to WUSH-FM public radio in South Harbor, in return for two weeks of advertisement time.

The Grand Opening will be an Opening Weekend rather than just a single day. The opening will span a Friday, Saturday, and Sunday. The Thursday before the opening, the brew-pub will sponsor a media event targeting radio, newspapers, and TV in and around South Harbor and nearby Chicago. Two weeks prior to the Media Event, the Managing Member plans to send Media Kits containing fact sheets, bios, industry background and the history of brewing in South Harbor. The kits will also contain coasters or T-shirts with the Harbor Brewing Company logo, press releases, sidebar copy, and tables and graphs related to the industry. The media will be invited to schedule times on Thursday to come in and receive a full brewery tour and complimentary tasting with the Brewer. The Managing Member and the kitchen and operations managers also plan to be available for interviews following the tasting.

Ongoing advertising strategies to ensure long-term success are to advertise through local media outlets (like The South Harbor News and WUSH-FM public radio), join the South Harbor Convention and Visitors Bureau, place brochures with coupons in all area hotels, send flyers with coupons advertising lunch specials to businesses in South Harbor and advertise in alternative media.

Harbor Brewing Company will also be promoting several special events throughout the year such as beer tastings, seasonal festivals, brewer's lunches, etc. It may offer one monthly charity tank where non-profit clubs and organizations (like sports teams, travel clubs, home-brewers clubs) could keep a specified percentage of the revenue earned on a specific tank of beer during an evening. They would be encouraged to bring in as many customers as possible to help support their cause. This would boost business on slow nights and introduce more people to the pub.

Other promotional campaigns include sponsoring one men's and one women's softball team by providing them with uniforms bearing the Harbor Brewing Company logo in return for their business and support; and sponsoring a bar dart league and a dart team to compete in the South Harbor Dart Association. These are ways of bringing patrons to the restaurant on nights that are traditionally slower while at the same time building community affiliations.

**FEDERAL TAX
DISCUSSION**

The Company will be taxed as a partnership. Instead of corporation income taxes, the members of the Company will be taxed on their proportionate share of the Company's taxable income. Therefore, no provision or liability for Federal income taxes has been included in these forecasted financial statements.

The Company is expected to distribute, at a minimum, an estimated amount of cash necessary to cover income taxes incurred by the individual members on taxable profits of the Company. It is anticipated that the Company will distribute 99% of distributable income to investing

members and 1 % to the organizing member, Olson Brewing Services, until such time that the investors have received all of their original capital back plus an effective 15% annual rate of return. Michigan single business tax is included in the forecast as an administrative expense.

The State Bar of Michigan has submitted the Michigan Limited Liability Company Act to the national office of the Internal Revenue Service with a request for a published ruling as to the classification for tax purposes of Michigan LLCs. A published ruling has not been provided by the IRS. The IRS has informally expressed concern regarding the continuity of life provisions of the Michigan statute. It is contemplated that a technical correction to the Michigan statute will be proposed to alleviate the IRS's concern, which could be incorporated into the Operating Agreement of the Company. The risk of forming an LLC prior to the IRS resolving its concern is that if the LLC is formed and it is determined to be taxed as a corporation, liquidating and distributing corporate assets could cause adverse tax consequences. Lack of an IRS ruling has not delayed action by many businesses in forming and operating LLCs under the Michigan law.

The discussion set forth above does not address the state, local, or foreign tax aspects of an investment in the Units. The discussion is based on currently existing provisions of the code, existing and proposed Treasury regulations thereunder and current Administrative rulings and court decisions. All of the foregoing are subject to change and any such changes could affect the continuing validity of this discussion. Each prospective investor should consult his or her own tax advisor with respect to the specific tax consequences of an investment in the Units to such person, including the application and effect of state, local, and foreign tax laws and possible effects of changes in federal laws or other tax laws.

FINANCIAL DATA

Forecasted Balance Sheets

	1999	1998	1997	1996	8 Months 1995
Assets					
Current Assets					
Cash	\$108,144	\$144,469	\$135,876	\$127,810	\$114,490
Accounts Receivable	12,572	12,085	11,653	11,222	7,380
Inventory	19,509	18,941	18,264	18,288	13,898
Prepayments	12,049	11,519	11,185	10,731	7,748
Total Current Assets	152,274	187,014	176,979	168,051	143,517
Fixed Assets					
Restaurant Equipment	273,123	258,123	243,123	228,123	213,123
Furniture & Fixtures	36,997	31,997	26,997	21,997	16,997
Lease Improvements	175,000	175,000	175,000	175,000	175,000
	485,120	465,120	445,120	425,120	405,120
Less Accum. Depr.	(181,834)	(139,155)	(98,476)	(59,798)	(23,119)
	303,286	325,965	346,644	365,322	382,001
Other Assets					
Deferred Charge Net	64,067	70,267	76,467	82,667	88,867
Liquor License	20,000	20,000	20,000	20,000	20,000

**Forecasted
Balance Sheets**
...continued

Deposits	5,000	5,000	5,000	5,000	5,000
	89,067	95,267	101,467	107,667	113,867
Total Assets	\$544,627	\$608,245	\$625,089	\$641,040	\$639,384

**8Months
1995**
Liabilities & Capital
Current Liabilities

Accounts Payable	\$30,210	\$29,386	\$28,405	\$27,456	\$20,446
Accrued Expenses	38,084	36,661	34,757	32,312	19,702
C/PL-TDebt	13,924	50,787	43,753	37,694	32,474
Total Current Liab.	82,218	116,834	106,915	97,462	72,621

Long-Term Liabilities

Note Payable Member	0	13,924	64,711	108,464	146,158
Total L-T Debt	0	13,924	64,711	108,464	146,158
Total Liabilities	82,218	130,758	171,626	205,926	218,779
Members Capital	462,409	477,487	453,463	435,114	420,605
Total Liabs & Capital	\$544,627	\$608,245	\$625,089	\$641,040	\$639,384

**Forecasted Statement
of Income**
**8 Months
1995**
Sales

Food	1,037,175	996,996	961,389	925,782	608,850
Beverage	848,598	815,724	786,591	757,458	498,150
	1,885,773	1,812,720	1,747,980	1,683,240	1,107,000
Cost of Sales	1,292,128	1,246,963	1,196,899	1,144,815	776,654
Gross Profit	593,644	565,757	551,081	538,425	330,346

Other Operating Expenses

Controllable	177,477	172,757	167,384	158,927	103,936
Noncontrollable Costs	206,256	199,047	192,128	184,585	127,278
	383,733	371,805	359,512	343,512	231,214
Operating Income	209,911	193,953	191,569	194,913	99,132

Nonoperating Income (Expense)

Retail Sales Commissions	7,468	7,251	6,992	6,733	4,428
Interest, Net	(1,976)	(9,009)	(15,069)	(20,289)	(17,120)
	5,493	(1,758)	(8,077)	(13,556)	(12,692)

Net Income	\$215,404	\$192,194	\$183,492	\$181,357	\$86,440
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	1999	1998	1997	1996	8 Months 1995	Forecasted Statement of Cash Flows
Cash Flow From Operating Activities						
Net Income (Loss)	\$215,404	\$192,194	\$183,492	\$181,357	\$86,440	
Items in net income not requiring (providing) cash from operations in the current period:						
Depreciation	42,679	40,679	38,679	36,679	23,119	
Amortization	6,200	6,200	6,200	6,200	4,133	
Cash provided by (used for) working capital						
Accounts Receivable	(487)	(432)	(432)	(3,842)	7,380	
Inventory	(568)	(676)	24	(4,390)	(13,898)	
Prepayments	(531)	(334)	(454)	(2,983)	(7,748)	
Accounts Payable	824	981	949	7,010	20,446	
Accrued Liabilities	1,423	1,904	2,445	12,611	19,702	
Net cash provided by operations	264,944	240,516	230,903	232,642	124,813	
Cash Flows From Investment Activities						
Purchase of PPE	(20,000)	(20,000)	(20,000)	(20,000)	(405,120)	
Purch.Liq.Lic.	0	0	0	0	(20,000)	
Purch. of Intangibles	0	0	0	0	(65,000)	
Pay't of Deposits	0	0	0	0	(5,000)	
Repay't of Deposit	0	0	0	0	0	
Pay't of Deferred Charges	0	0	0	0	(28,000)	
Net cash (used by) provided for investment	(20,000)	(20,000)	(20,000)	(20,000)	(523,120)	
Cash Flow from Financing Activities						
Long-Term Borrowing	0	0	0	0	200,000	
Repay't of lt debt	(50,787)	(43,753)	(37,694)	(32,474)	(21,368)	
Capital Contributions -Cash	0	0	0	0	420,000	
Distribution to investor members	(129,243)	(166,488)	(163,491)	(165,180)	(84,976)	
Distribution to management members	(101,240)	(1,682)	(1,651)	(1,668)	(858)	
Net cash provided for (used by) financing	(281,269)	(211,923)	(202,837)	(199,322)	512,797	
Increase (decrease) in cash	(36,325)	8,592	8,066	13,320	114,490	
Beg Cash Balance	144,469	135,876	127,810	114,490	0	
Ending Cash Balance	\$108,144	\$144,469	\$135,876	\$127,810	114,490	
Supplemental Disclosure of Cash Flow Information						
Cash paid during the year for						
Interest	\$6,309	\$13,343	\$19,402	\$24,622	\$21,454	
State Taxes	18,661	17,999	17,343	16,897	10,438	

**Disclosure of
Accounting Policies**

For purposes of the Statement of Cash Flows, the Company considers cash on hand, funds on deposit in banks, money market funds, certificates of deposit and similar types of deposits to be as equivalents.

**Forecasted Changes in
Members' Contributed
Capital**

	1999	1998	1997	1996	8 Months 1995
Beginning Balance	\$477,487	\$453,463	\$435,114	\$420,605	\$0
Capital Cont'n Cash	0	0	0	0	420,000
Net Income	215,404	192,194	183,492	181,357	86,440
Distributions	(230,482)	(168,170)	(165,143)	(166,849)	(85,835)
Ending Balance	\$462,409	\$477,487	\$453,463	\$435,114	\$420,605

**Forecasted Sales
& Cost of Sales**

	1999	1998	1997	1996	8 Months 1995
Sales					
Food	\$1,037,175	\$996,996	\$961,389	\$925,782	\$608,850
Beverage - beer	527,828	507,380	489,260	471,139	309,849
Beverage - other	320,770	308,344	297,331	286,319	188,301
Total	1,885,773	1,812,720	1,747,980	1,683,240	1,107,000
Cost of Sales					
Purchases					
Food	349,148	338,979	326,872	314,766	239,210
House Brew	37,889	36,785	35,471	34,158	25,958
Purchased Beverages	63,519	61,669	59,466	57,264	43,518
Total	450,555	437,432	421,810	406,187	308,687
Labor					
Front of House - hrly	269,277	261,434	252,097	242,760	164,443
Kitchen - hrly	128,067	124,337	119,896	120,953	79,546
Management	95,388	92,610	88,200	84,000	41,538
Bonuses	28,007	27,191	26,220	25,249	16,605
Benefits & Taxes	94,541	84,257	85,561	83,707	60,004
Total	615,280	589,828	571,974	556,669	362,137

	1999	1998	1997	1996	8 Months 1995	Forecasted Direct Variable Costs & Operating Costs
Direct Variable Costs						
Cleaning Supplies	18,671	18,127	17,480	16,832	11,070	
China & Expendable	13,070	12,689	12,236	11,783	7,749	
Operating Supplies	14,003	13,595	13,110	12,624	8,303	
Laundry	11,203	10,876	10,488	10,099	7,306	
Menus	9,336	9,064	8,740	8,416	5,535	
Credit Card Charges	10,642	10,333	9,963	12,793	10,517	
Management Fees	149,368	145,018	131,099	109,411	55,350	
Total	226,293	219,702	203,115	181,958	105,829	
Operating Costs						
Controllable						
Telephone	3,726	3,621	3,515	3,380	2,492	
Pager	745	724	703	676	141	
Utilities- Gas	20,725	20,121	19,403	18,645	11,070	
Utilities - Electric	60,681	58,913	56,809	54,705	35,978	
Utilities - Water	4,099	3,983	3,867	3,718	2,375	
Waste Control	5,008	4,866	4,724	4,543	3,024	
Promotion & Advert	12,509	12,509	12,509	9,828	6,750	
Mystery Diner	1,300	1,300	1,300	1,300	900	
Office Supplies	1,165	1,141	1,112	1,082	723	
Gift Certificates	2,236	2,172	2,109	2,028	1,350	
Building-R&M	18,671	18,127	17,480	16,832	11,070	
Equipment- R&M	16,804	16,314	15,732	15,149	9,963	
Miscellaneous	29,809	28,965	28,122	27,040	18,000	
Total	177,477	172,757	167,384	158,927	103,936	
	1999	1998	1997	1996	8 Months 1995	Forecasted Noncontrollable Fixed Costs
Noncontrollable Fixed Costs						
Rent	92,124	88,712	85,300	82,310	59,577	
Liability Ins. - Liquor	8,929	8,677	8,424	8,112	4,985	
Liability Ins. - General	14,900	14,478	14,056	13,516	9,997	
Bank Charges	745	703	703	676	500	
Alarm Expense	1,043	1,014	984	946	630	
Prof'l Service - Other	3,000	3,000	3,000	3,000	1,500	
Prof'l Service - Acctg	4,800	4,800	4,800	4,800	3,692	
Prof'l Service - Legal	1,248	1,248	1,248	1,248	828	
Dues & Subs	230	217	217	217	150	
Licenses & Permits	3,183	3,003	3,003	3,003	2,079	
Pers. Property Tax	3,445	3,250	3,250	3,250	2,500	
Real Property Tax	5,069	5,069	4,921	4,732	3,150	
Single Business Tax	18,661	17,999	17,343	16,897	10,438	
Amortization	6,200	6,200	6,200	6,200	4,133	
Depreciation	42,679	40,679	38,679	36,679	23,119	
Total	206,256	199,047	192,128	184,585	127,278	

	Other Income (Expenses)					
	Retail Sales Commissions	7,468	7,251	6,992	6,733	4,428
	Interest Income	4,333	4,333	4,333	4,333	4,333
	Interest - Member Note	(6,309)	(13,343)	(19,402)	(24,622)	(21,454)
	Total	11,802	11,584	11,325	11,066	8,761
Forecasted Property and Equipment Purchases		1999	1998	1997	1996	8 Months 1995
	Property Purchases					
	Furniture & Fixtures	5,000	5,000	5,000	5,000	16,997
	Kitch. & Brew. Equip.	15,000	15,000	15,000	15,000	213,123
	Leasehold Improvements	0	0	0	0	175,000
	Total	20,000	20,000	20,000	20,000	405,120
Forecasted Financial Ratios		1999	1998	1997	1996	8 Months 1995
	Solvency Indicators					
	Debt/Equity Ratio	0.18	0.27	0.38	0.47	0.52
	Debt/Asset Ratio	0.15	0.21	0.27	0.32	0.34
	Liquidity Indicators					
	Net Working Capital	\$70,056	\$70,180	\$70,064	\$70,589	\$70,896
	Current Ratio	1.85	1.60	1.66	1.72	1.98
	Quick Ratio	1.47	1.34	1.38	1.43	1.68
	Funds Management Ratios and Days					
	Accts Recv Turnover	153.0	152.7	152.8	181.0	150.0
	Days in Accts. Rec.	2	2	2	2	2
	Inventory Turnover	18.2	18.2	17.9	19.6	17.2
	Days in Inventory	20	20	20	19	16
	Accts Pay Turnover	15.9	16.0	15.9	18.0	15.7
	Days in Accts Payable	23	23	23	20	18
	Profitability Ratios					
	Return on Sales	11.42%	10.60%	10.50%	10.77%	7.81%
	Return on Assets	37.37%	31.17%	28.98%	28.33%	27.04%
	Return on Equity	45.84%	41.29%	41.30%	42.39%	41.10%
	Growth Ratios					
	Sales	4.03%	3.70%	3.85%	52.05%	#N/A
	Profits	12.08%	4.74%	1.18%	109.81%	#N/A
	Assets	-10.46%	-2.69%	-2.49%	0.26%	#N/A

Sources of Funds

Capital Contributed by Investing members	410,000
Capital Contributed by Managing member (Olson Brewing Services)	10,000
Note Payable	200,000
	620,000

Use of Funds

Purchase of East Bay Street Station	185,000
Brewing Equipment	140,000
Leasehold Improvements	125,000
Additional Working Capital	50,000
Kitchen Equipment Improvements	45,000
Inventory	15,000
Legal and Accounting	11,000
Deposits	10,500
Training Expenses	10,000
Furniture & Fixture Upgrade	5,000
Consulting	5,000
Operating Expenses	2,000
Appraisal Fee	1,500
Contingency	15,000
	620,000

Forecasted Sources and Uses of Funds

	1999	1998	1997	1996	8 Months 1995
One Unit Investment					
Cash Return of Capital (4)	0	2496	2605	2750	1615
Cash distrib's of profit (4)	6305	5625	5370	5308	2530
Total pretax cash flow	6305	8121	7975	8058	4145
Tax (cost) (3)	(2232)	(1991)	(1901)	(1879)	(8%)
Total after-tax cash flow	4073	6130	6074	6179	3250
Pretax cash on cash					
Return on invest. (2)	59.85%	43.17%	34.35%	28.87%	12.65%
After-tax cash on cash					
Return on invest. (2)	57.66%	46.61%	38.85%	33.61%	16.25%

Memo:

Total forecasted pretax distribution per investor unit is:	\$34,604
Total forecasted after-tax cash distribution per investor unit is:	25,705
Total forecasted return of capital cash distribution per investor unit is:	9,466
Forecasted capital account balance as of December 31, 1999 is:	10,534

Forecasted Annual Pre-tax and After-tax Cash Return on Investment per investor

Notes:

- 1 Assumes a total of 21 units of which 20.5 units will be offered to investors
 - 2 Cash on cash return on investment is equal to the total cash flow divided by the initial investment less any return of capital.
 - 3 Assumes a 31 % federal income tax rate and a 4.4% state tax rate.
 - 4 Assumes a 60% profit sharing ratio and a 99% cash distribution ratio until investors receive a total cash distribution equal to their capital investment plus an effective 15% annual return.
- Upon receipt of cash equal to investment plus an effective 15% return on annual return, the cash sharing ratio will be in proportion to the 60% profit sharing ratio. The forecast tyhis will occur in the last quarter of 1998.

SUPPORTING DOCUMENTS**Standard House Beer List**

Prussian Pilsner

Ever since studying in Germany, our brewmaster has had a love affair with Pilsner style beers. Pilsners are the hardest to make and (in his opinion) the most rewarding to taste. Our Prussian Pilsner is actually modeled after Pilsner Urquell, the original Pilsner from the city of Plzen in the Czech Republic. The Prussian Pilsner has a light golden color and rich maltiness, which separates it from the less malty German Pilsners. The best way to describe the Czech style is to say that it has a little more of everything - sweetness, bitterness, and hop nose - than the more commonplace German and North American pilsners.

Red Dragon Special Bitter

The Red Dragon is brewed after the British "Special Bitter" style. This is a truly memorable bitter with a depth of hop taste and acidity in the palate and finish. The Dragon is a clear, deep red brew with medium carbonation and a well-balanced, understated bouquet.

Bavara-Weiss

This fresh, sunny wheat beer is made with 50% wheat and 50% barley, giving it a clean light body and clove-like aroma. In addition to being a great thirst quencher and attitude adjuster, Weiss beer (the breakfast beer of Bavaria) has long been heralded by Germans for its health benefits. The special wheat beer yeast suspended in every pint contains a wealth of vitamin B complexes, trace mineral elements and protein compounds.

O'Faolain-Fest Irish Stout

You'll be surprised by this smooth, easy drinking Irish Stout. Like a true Irish Stout, the O'Faolain-Fest is light bodied, low in alcohol, and very, very creamy. It has a hop bitterness in the nose and taste and a rich coffee-like roasted barley flavor. Our Stout is a sociable brew that lubricates the wit. After a couple of pints of the O'Faolain-Fest, you'll realize that it's the Stout, not the Blarney Stone, that gives the Irish their gift for storytelling.

Spring Bock

Brewing tradition holds that when the weather is uncertain, stronger beers are made. Thus it is customary to bring in the tumultuous Spring season with a good Bock beer. For centuries, Bock beer was also served in European monasteries as a food supplement during Lent while

the Monks were fasting. While Bocks cover a wide range of colors and characteristics, our Spring Bock is a strong, pale, malty beer with a hint of sweetness. The Spring Bock makes a wonderful dessert beer.

Bamberg Beer is the perfect drink to go with summertime smoked barbecue fare. The tradition of smoked beer started in the small brewing town of Bamberg, Germany. The makings in Bamberg actually use beechwood fires to kiln the malt. The smoke from the beechwood saturates the malt which gives the final beer a very mellow smoky flavor. This beer goes great with food, but is also enjoyed as a stand-alone experience.

Bamberg Beer

Our Oktoberfest is a Marzen style beer. Marzen (or March) beer dates back to the time in Germany when March was the last month for brewing before the warmth of summer would bring out the wild yeasts and higher temperatures, wreaking havoc on developing beers. The March batch would be consumed during the summer months and whatever was left in storage would be ceremonially consumed in the fall.

Oktoberfest

The Oktoberfest celebration itself was conceived in 1810 to celebrate the betrothal of the Crown Prince of Bavaria. The "weekend" get-together was so enjoyable and the beer so fabulous, that the reception ran for 16 days.

Beware the Brewmeister! A Doppelbock is first and foremost a strong beer. The strongest beer produced in German breweries, it is likely to have an alcohol content of greater than 6.8% by volume. The first Doppelbock was brewed by the monks of St. Francis of Paula in 1634 to serve as "liquid bread" during lent. This original Doppelbock is called the Paulaner Salvator. This style of beer is full, round, and malty. It boasts a dense head, a powerful aroma, a rich start, and a long, chewy, malty finish. This one is sure to keep you warm during the long, cold, South Harbor winter.

Brewmeister Doppelbock

Caponato Crostini

Spicy eggplant and caper salsa on crisp garlic Italian bread rounds.

Beerhall Pretzel

Fresh hot pretzel with beerradish mustard and melted cheese.

Chips and Homemade Salsa

A great starter, add \$ 1.00 for guacamole or black bean dip.

Crunchy Fruit and Veggie Plate

Assorted fresh fruits and veggies and homemade dips.

Beer Battered Chicken Wings

Crispy golden brown with ranch, BBQ, or honey mustard sauce.

New Orleans Style BBQ Shrimp

Tangy peel-and-eat shrimp served with plenty of crusty bread.

Jamaican Jerk

A unique spicy chicken wing all the way from Jamaica, mon.

New Hampshire Codfish Cakes

Potatoes, cod fillets and onion rolled in pancake flour and browned.

Sample Menu

Appetizers

Side Dishes

Veggie Nachos

Smothered with black beans, scallions, peppers, salsa, and cheese.

Brewer's Beer Rocks

Potato dough stuffed with cabbage and sausage and baked to a golden brown.

Bread and Cheese Plate

McDougal Style served with Tempeh Pate, Curried Bean Spread, Indian Lentil Spread, and Tofu Scallion Cream Cheese. *Traditional Style* served with Crusty breads and stinky cheeses.

Garlic Fries

Crisp thin fries tossed with fresh garlic.

Classic Pub Fries

Straight from the Isles, sliced thick and served hot.

McDougal Baked Potato Patties

Herbed potato patties breaded and baked to a golden brown.

Onion Rings

Homemade and hand-dipped in our own beer batter.

Soups and Stews

Brewhouse Chili

Southwestern style chili with black beans and shredded beef.

McDougal's Bean & Rice

Spicy, garlicky black beans and brown rice.

Beer & Onion Soup

This hearty, zesty soup is made with our own famous Red Dragon.

White Bean & Shredded Chicken Chili

A brewhouse favorite. Try it with a crisp cold lager.

Veggie Noodle

A great warm-me-up made from homemade vegetable stock.

Goulash

An old world favorite with sausage, tomatoes, and spices.

Pasta

Porcini Pepper Pasta

Cognac, Parmesan cheese, pepper and parsley combined in a creamy porcini sauce and tossed with linguini.

Pasta Bolognese

A zesty Italian tomato sauce with hot Italian sausage, served over corkscrew pasta with freshly grated parmesan cheese.

Chicken Pepper Pesto

Traditional garlic and basil pesto, sauteed green peppers and onions, grilled chicken breast served over a bed of linguini.

McDougal's Pesto Pasta Salad

Firm fettucini tossed in delicious pesto sauce made without the oil.

Salads

Spinach Tortellini Salad

We toss a bushel of steamed vegetables in a zesty orange and thyme balsamic vinaigrette, and heap over a platter of spinach tortellini.

Strawberry Marinated Chicken Salad

Crisp romaine lettuce tossed with grapes, green apples, cheddar cheese, red onions, and scallions and topped with grilled marinated chicken breast, fresh strawberries, and our own strawberry poppyseed dressing.

Trail MixSalad

A garden variety of greens tossed with sweet red onions, red and green peppers, grapes, raisins, pinenuts, dried cherries and cranberries. Served with raspberry vinaigrette.

Fajita Salad

Grilled chicken or beef, onions, peppers, black beans, and tomatoes served on a crisp bed of lettuce in an edible bowl.

Caesar Salad

Tossed fresh, served with crunchy garlic croutons. Add marinated shrimp, chicken, or steak for a delicious main course.

NOTE: All salads available with shrimp, chicken, or steak.

Smothered Turkey

Thin-sliced turkey breast piled high on a sourdough baguette and smothered in a creamy Havarti and scallion cream cheese.

Dilled Roast Beef

Roast Beef, sweet pickles, sweet red onions, topped with cucumber dill sauce and served on a caraway rye roll.

The Club

Turkey, ham, bacon, lettuce, and tomato served on your choice of toasted white, wheat, or rye.

Grilled Chicken Breast

Tender chicken breast marinated and grilled to perfection, served with your choice of toppings.

Chicken Pesto

Onions and peppers sauteed in homemade pesto sauce and served on a grilled chicken breast with parmesan cheese.

Grilled Veggies

Mushrooms, onions, peppers, zucchini, and tomatoes - marinated, grilled and served in a hollowed baguette.

Hamburger

1/4 or 1/2 pound of fresh ground beef, grilled to order and served with any 3 of our delicious toppings.

Friendly Burger

Meatless patty made with soy grains, nuts, and spices, and served with any three toppings.

BBQ Beef

Hot shredded beef smothered n tangy BBQ sauce and served on a warm sourdough baguette.

Smoked Chicken with Brie

Roasted red peppers, smoked chicken and brie on baguette.

Tuna Caponata

Chunk tuna and caponata salsa served on crusty bread.

Italian Caponata Submarine

Italian Cold cuts, lettuce, tomatoes, and caponata salsa served on fresh Italian bread.

Fish 'n' Chips

A pub classic. Beer battered cod fillets served with fries.

Beer Boiled Corned Beef

Juicy, tender, and delicious, served with our famous horseradish and garlic mashed potatoes and a side salad.

Sandwiches

Entrees

Garbanzo Shepherd's Pie

This lighter interpretation of an old pub favorite leaves more room for beer!

Greek Tavern Chicken and Rice**Pennsylvania Dutch Stuffed Onions**

Whole sweet Vidalias, stuffed with spicy sausage and baked in a house lager sauce.

Red Snapper Fish Tacos

Tender red snapper on a soft taco with all the trimmings.

Turkeyless a la King

This is a delicious McDougal interpretation with only 6g of fat.

Veggie Quiche

Ask your server about today's fresh veggie quiche.

Corned Beef Hash Bash

Sure to be a South Harbor favorite, homemade, and served with bread and a side salad.

Creole Stuffed Chicken Breasts**Sausage Sampler**

Authentic German bratwurst and Italian sausage marinated in our secret blend of onions, garlic, Stout and spices. Grilled and served with a sourdough baguette and 3 of your favorite toppings.

Desserts

Chocolate Mocha Stout Cake

The O'Faolain-Fest Irish Stout gives this cake a rich texture and smooth coffee flavor. Try it with a stout or a specialty coffee drink!

New York Style Cheesecake

With or without strawberries, this rich and creamy cheesecake is the brewer's choice - no menu is complete without it.

McDougal's Apple Crip

Baked tart apples and sweet brown sugar and cinnamon. If you prefer your desserts a little more sinful, add a scoop of silky French vanilla ice cream.

Or Try One of Our Dessert Drinks!

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